

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA

UNITED STATES OF AMERICA	:	
	:	
v.	:	1:20CR479-1
	:	
JASON SHUANG XU	:	

FACTUAL BASIS IN SUPPORT OF GUILTY PLEA

NOW COMES the United States of America, by and through Matthew G.T. Martin, United States Attorney for the Middle District of North Carolina, pursuant to Federal Rule of Criminal Procedure 11(b)(3), and states the following:

On November 14, 2018, the Drug Enforcement Administration – Raleigh, North Carolina District Office (DEA-RAL), opened an investigation into the reported distribution of cocaine hydrochloride in the Chapel Hill, North Carolina area. During March 2019, upon the execution of lawfully obtained search warrants at several residences, the DEA and local law enforcement, (the Orange County North Carolina Sheriff’s Office), arrested a subject – identified herein as Cooperating Defendant 2 (CD2) – who was found in possession of 394 grams of cocaine hydrochloride (hereinafter cocaine). The drugs were seized from a residence located in Carrboro, North Carolina. The cocaine was shipped to CD2 from a source of supply in Ceres, California, who was later identified

as Francisco Javier Ochoa, Jr. In addition to the cocaine found inside the parcel, the agents and officers seized from this location an additional 48 grams of cocaine, 15.75 pounds of marihuana, \$17,775.00 in U. S. currency, 189 Alprazolam (Xanax) pills, steroids, human growth hormone, and other narcotics. A search at a second residence in Hillsborough, North Carolina associated with CD2, resulted in the seizure of 133 pounds of marihuana, a rifle, and approximately \$10,000 in U. S. currency.

Further investigation into CD2's drug trafficking activities revealed that cocaine he obtained, initially from his codefendant, and subsequently from Ochoa, was distributed to lower-level cocaine dealers who supplied students on the campus of the University of North Carolina at Chapel Hill (UNC-Chapel Hill). On many occasions, the subordinate drug distributors used Venmo – an Automated Clearing House service – to pay CD2 for cocaine.

Cooperating sources of information and cooperating defendants identified JASON SHUANG XU as a subordinate drug distributor to CD2. XU obtained one-half ounce quantities of cocaine hydrochloride (cocaine) from CD2 every two weeks during the school semesters at UNC-Chapel Hill in 2017 and 2018. CD2 utilized XU as an intermediary for the distribution of cocaine, psilocybin (mushrooms), and alprazolam (Xanax) at the Kappa Sigma Fraternity. XU is a member of this fraternity, and during the period set out above, he provided illegal drugs to other fraternity members for distribution.

A review of information obtained, pursuant to a search warrant, from XU's iCloud account revealed text messaging threads with CD2 and others. The search revealed photographs of cocaine, marihuana, marihuana use, and cocaine use. CD2 and other cooperating defendants advised agents and officers that XU used his Venmo account to buy and sell illegal drugs. A review of XU's Venmo account for the period September 2018 through February 2019 revealed approximately 35 transactions that were conducted with people who were linked to the illegal distribution of drugs. CD2 was one such individual. The memos on the Venmo transactions linked to XU's account reflected words such as "Yo," "LV Bag," "Supreme Shirt," and "Rent." CD2 confirmed to the agents and officers that these were code words used to disguise drug transactions.

Based on information obtained from CD2 and other cooperating sources, it appears that, from in or about September 2018 up to and including February 2019, XU obtained and distributed at least 200 grams, but less than 300 grams of cocaine hydrochloride from CD2. On or about November 27, 2018, XU utilized a cellular telephone assigned telephone number 502-810-4188, in order to purchase a quantity of cocaine via Venmo from CD2 for \$1050.00. The memo line for this transaction reflects the word "Rent." XU conducted this transaction while in the Middle District of North Carolina.

This, the 15th of December 2020.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on December 15, 2020, the foregoing was electronically filed with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

Christopher A. Beechler, Esq.

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